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AUTHOR Morehouse, Ward; Dembo, David
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ABSTRACT

In September 1988, 13.1 million people in the United States wanted jobs, a jobless rate more than twice the official unemployment rate. The official rate does not count the people who have stopped looking for work because they believe that none is available. However, joblessness is only part of the problem. Also important is the phenomenon of the pauperization of work--replacement of higher-paying jobs by those at or close to the minimum wage, often part time, and below the poverty line. The manufacturing sector of the economy peaked in 1979 and fell back by September 1988, to a net loss of 824,000 jobs. A large number of persons formerly in higher-paying manufacturing jobs have been forced into lower-paying service sector jobs. In fact, the discrepancy between the wages for service jobs and manufacturing jobs is increasing. These pauperizing trends in wages now affect an increasing proportion of the labor force--and those sectors that are growing the fastest--whereas the proportion of workers in the high wage sectors is either flat or declining. Millions of full-time year-round workers had incomes below the poverty level. The result has been a sharp and increasing inequity in income distribution. In addition, poverty rates are still higher than they were in the 1970s. The two appendices contain "Adjustment in the Bureau of Labor Statistics Unemployment Rate to Determine the Jobless Rate," and "Explanation of Method Used to Determine Full-Time Equivalent Employment." (Seven statistical tables and two figures are included in the report.) (KC)

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(212) 972-9877
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JOBLESSNESS AND THE PAUPERIZATION OF WORK IN AMERICA

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by

Ward Morehouse and David Dembo

Joblessness versus Unemployment

In September 1988, the number of jobless persons in the United States who wanted jobs stood at 13.1 million persons, resulting in a Jobless Rate of 11.1 percent--more than twice the official Unemployment Rate. According to the Bureau of Labor Statistics 6.4 million people were unemployed. This number translates to an official, seasonally adjusted Unemployment Rate of 5.4 percent. But that figure does not include the 952,000 persons who have stopped looking for work because they believe none is available. In all, there are 5.0 million persons not included among the BLS-defined unemployed who wanted jobs during the third quarter of 1988.

Also not included among the BLS-defined unemployed is anyone who worked one hour or more during the week the BLS uses as its survey week to measure the labor market. Some 4.7 million people worked part time not by their own choice in September.[1] An additional 20.7 million worked part time for "non-economic" reasons but, for figuring the Unemployment Rate, were counted as fully employed. Thus, despite a decrease in the official Unemployment Rate, there continue to be millions of persons in the United States who want work but cannot find it, or who want full-time jobs but work only part time. Table 1 shows the official Unemployment data for September 1988 and the data used to calculate the more realistic Jobless Rate. In the Appendix to this report the method used to determine the Jobless Rate is provided.

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[1]The BLS refers to these people as part time for economic reasons. Economic reasons include slack work, material shortages, repairs to plant or equipment, start or termination of a job during the week, and inability to find full-time work.

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Table 1

Comparison of BLS Civilian Unemployment Rate with Jobless Rate (figures in 000s, not seasonally adjusted)

	September 1988
BLS Civilian Labor Force	121,842.
BLS Civilian Employment	115,474.
BLS Unemployed	6,368.
BLS Unemployment Rate	**5.4%**[a]
Part-Time Employment	25,441.
Discouraged Workers	952.[b]
Civilians Not in the Labor Force Who Want Jobs	4,982.[b]
Jobless Persons	13,110.
Jobless Rate	**11.1%**

[a]Seasonally adjusted. [b]Figure is for third quarter 1988.

Source: Based on U.S. Department of Labor, Bureau of Labor Statistics, Monthly Employment Situation News Release, October 7, 1988.

Pauperization of Work

Trends in Types of Jobs

Joblessness is only part of what we have termed the "underbelly" of the U.S. economy. Also important is the phenomenon of the pauperization of work--replacement of higher paid jobs by those at or close to the minimum wage, often part time, and below the poverty line. The trends away from higher paid full-time jobs to lower paying, often part-time jobs are evident when we look at recent data as set forth in Table 2. The goods-producing sector peaked in 1979 and fell back by September 1988 to a net loss of 824,000 jobs. The percentage of jobs in this sector has declined from 29.5 percent of the total to 24.0 percent during the same period.

By far the greatest loss of jobs--1.5 million--has occurred in manufacturing, and within manufacturing, in the durable goods sector, where the highest-paying manufacturing jobs are located: 1.2 million jobs lost in eight years. By contrast, the service-producing sector of the economy continued its inexorable rise, generating 17.7 million jobs during the same period. However, 72.9 percent of these jobs were in the two lowest paying categories of the service sector--namely, retail trade and health and business services.

Lower paying, sometimes part-time jobs in the service sector are only in part going to new entrants

Table 2

Distribution of Non-Agricultural Employees by Economic Sector, 1973-September 1988 (Figures in 000s)

	1973	% of Total	1979	% of Total	1982	% of Total	1985	% of Total	1986	% of Total	1987	% of Total	Sept.[ab] 1988	% of Total
Goods-Producing	24,893.	32.4	26,461.	29.5	23,907.	26.7	25,057.	25.6	24,938.	24.9	24,884.	24.4	25,637.	24.0
Mining	642.	1.0	958.	1.1	1,143.	1.3	969.	1.0	792.	0.8	741.	0.7	730.	0.7
Construction	4,097.	5.3	4,463.	5.0	3,911.	4.4	4,662.	4.8	4,960.	5.0	5,031.	4.9	5,351.	5.0
Manufacturing	20,154.	26.2	21,040.	23.4	18,853.	21.0	19,426.	19.9	19,186.	19.2	19,112.	18.7	19,556.	18.3
Durable	11,891.	15.5	12,760.	14.2	11,100.	12.4	11,566.	11.8	11,346.	11.3	11,237.	11.0	11,548.	10.8
Non-Durable	8,262.	10.8	8,280.	9.2	7,753.	8.7	7,860.	8.0	7,841.	7.8	7,875.	7.7	8,008.	7.5
Service-Producing	51,897.	67.6	63,363.	70.5	65,689.	73.3	72,643.	74.4	75,229.	75.1	77,228.	75.6	81,058.	76.0
Transportation and Public Utilities	4,565.	6.1	5,136.	5.7	5,081.	5.7	5,300.	5.4	5,286.	5.3	5,378.	5.3	5,625.	5.3
Wholesale Trade	4,277.	5.6	5,204.	5.8	5,280.	5.9	5,769.	5.9	5,853.	5.8	5,797.	5.7	6,218.	5.8
Retail Trade	12,329.	16.1	14,989.	16.7	15,122.	16.9	17,425.	17.8	17,978.	17.9	18,264.	17.9	19,308.	18.1
Finance, etc.	4,046.	5.3	4,975.	5.5	5,340.	6.0	5,924.	6.1	6,305.	6.3	6,589.	6.5	6,693.	6.3
Services	12,857.	16.7	17,112.	19.1	19,064.	21.3	21,930.	22.4	23,072.	23.0	24,137.	23.6	25,696.	24.0
Government	13,732.	17.9	15,947.	17.8	15,803.	17.6	16,295.	16.7	16,735.	16.7	17,062.	16.7	17,518.	16.4
Total Private	63,058.	82.1	73,876.	82.2	73,793.	82.4	81,404.	83.3	83,432.	83.3	85,049.	83.3	89,177.	83.6
Total	76,790.	100.0	89,823.	100.0	89,596.	100.0	97,699.	100.0	100,167.	100.0	102,112.	100.0	106,695.	100.0

[a]Preliminary. [b]Seasonally adjusted.

Source: Based on U.S. Department of Labor, Bureau of Labor Statistics, Monthly Employment Situation News Release, October 7, 1988, *Employment and Earnings*, various issues, 1974-1988.

to the labor force. A large number of persons formerly in higher paying manufacturing jobs are also being forced into lower paying positions due to lack of job growth in these other sectors. A BLS study on displaced workers during the last recession gives some indication of the magnitude of this problem. Of the 5.1 million workers on whom the BLS reported, 2.8 million (54.9 percent) had previously held full-time jobs and were reemployed. Of these, 357,000 (12.8 percent) were only able to find part-time work and an additional 33 percent (941,000) were only able to find jobs at a lower wage or salary rate after two years.[2] By 1986, four years later, only 3.2 million had found jobs. Of these, 10 percent were part time and 33.1 percent were at a lower wage.

Those on whom the BLS reported held their previous jobs for three or more years. A larger number who also lost their jobs during the recession--6.4 million--were not documented by the BLS study. These were persons who had held jobs for fewer than three years. It is very likely that these persons, most of whom certainly had less experience and probably lower skill levels than the 5.1 million workers covered by the BLS study, experienced even greater difficulty both in finding new jobs and in finding jobs which matched their previous earnings levels.

Trends in Wage Levels

The growth in jobs in the service sector would not be cause for concern were it not for the fact that most of these jobs--especially the newly created ones--pay substantially lower wages than jobs in other sectors. As Table 3 indicates, the discrepancies are substantial between the service-producing and goods-producing sectors. Thus, the hourly wage in the retail trade in September 1988 was only 62 percent of the hourly wage in manufacturing, while the discrepancy in weekly earnings is even greater (retail was only 43.4 percent of manufacturing). This higher discrepancy is a reflection of the incidence of part-time work in the retail trade. Health and business services had an hourly and weekly wage of only 87.3 percent and 68.6 percent, respectively, of the manufacturing wage in September.

There is evidence that the discrepancy between earnings in the two fastest growing sectors of the economy and earnings in manufacturing is increasing. As Table 3 shows, while weekly earnings in health and business services have increased only from 67 to 69 percent in the last ten years, weekly earnings in retail trade have declined from their already very low rate of 53.1 percent of earnings in manufacturing in 1980 to only 43 percent as of September 1988. Because jobs in retail trade account for almost 20 percent of all non-agricultural jobs--and health and business services jobs now account for the same proportion of total jobs as the entire goods producing sector--this trend is of some concern (see Figure 1). The retail trade earnings figures also underscore another important facet about service sector jobs--namely, that many of these jobs yield incomes that are sometimes below and often barely above the poverty line. The average weekly earnings in the retail trade in September would generate an annual income of $9,606, only 82.7 percent of the 1987 poverty line for a family of four of $11,612.

These "pauperizing" trends in wages, as indicated above, now affect an increasing proportion of the labor force--and those sectors that are growing the fastest--while the proportion of workers in the high wage sectors is either flat or declining. Tables 2 and 3 tell the story. Those sectors that pay "poverty zone"[3] wages (i.e., weekly earnings less than or close to the level of the near-poor with incomes up to 30 percent over the poverty lines)--namely, retail trade and health and business services--now constitute over half of total private sector employment and 42 percent of the entire labor force.

Nor are these trends toward a "two-tier" labor force of recent origin. Figure 2 compares the weekly earnings of two major sectors of the U.S. labor force--manufacturing and retail trade--from 1962 to Septem-

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[2]U.S. Department of Labor, Bureau of Labor Statistics, "BLS Reports on Displaced Workers," Press Release, November 30, 1984.

[3]The concept of "poverty zone" is based on the proposition that the OMB poverty line is a national figure while there are wide disparities in the cost of living across the country. The consequence is that many of the near-poor are effectively below the poverty line in higher cost localities.

Table 3

Average Hourly and Weekly Earnings of Production or Non-Supervisory Workers 1977-September 1988

	Average Hourly Earnings				Average Weekly Earnings			
	1977	1982	1987	Sept.[a] 1988	1977	1982	1987	Sept.[a] 1988
Mining	$ 6.94	$10.77	$12.52	$12.79	$301.20	$459.88	$530.85	$543.58
Construction	8.10	11.63	12.69	13.12	295.65	426.82	479.68	503.81
Manufacturing	5.68	8.49	9.91	10.27	228.90	330.26	406.31	425.18
Transportation and Public Utilities	6.99	10.32	12.03	12.42	278.90	402.48	471.58	489.90
Wholesale Trade	5.39	8.09	9.59	10.00	209.13	309.85	365.38	381.00
Retail Trade	3.85	5.48	6.11	6.37	121.66	163.85	178.41	184.73
Finance, Insurance and Real Estate	4.54	6.78	8.73	9.12	165.26	245.44	316.90	325.58
Other Services (Health and Business)	4.65	6.92	8.48	8.97	153.45	225.59	275.60	291.53

[a]Preliminary.

Source: Based on U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings*, various issues, 1981-1988, and Monthly Employment Situation News Release, October 7, 1988.

ber 1988. Not only has the gap between these two sectors widened substantially during the period (almost eight times), but even more meaningfully because it takes into account changes in price levels, the ratio between the two has moved steadily in a more unequal direction. In 1962, the retail trade wage was 63.1 percent of the manufacturing wage; by September 1988, it had dropped to only 43.4 percent. Figure 2 indicates the increasing importance of employment in retail trade compared with manufacturing.

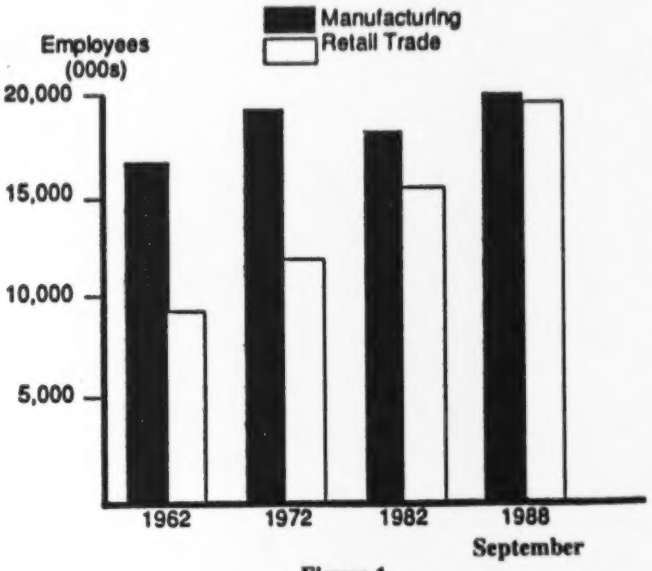

Figure 1

Comparison of Employment in Manufacturing and Retail Trade 1962-September 1988

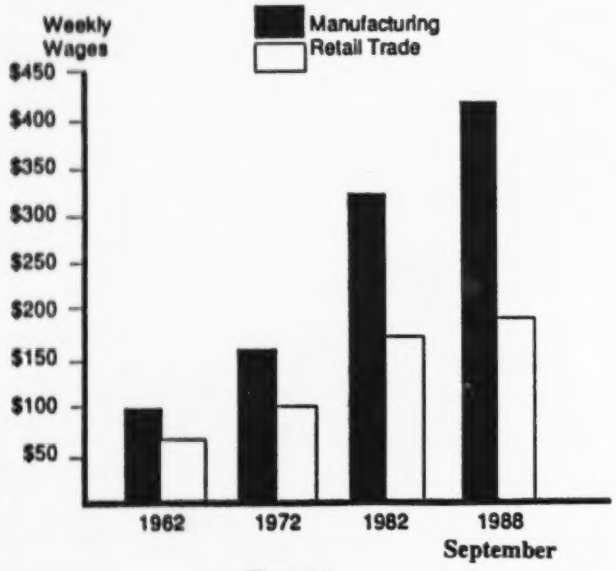

Figure 2

Comparison of Weekly Earnings in Manufacturing and Retail Trade 1962-September 1988

Source: Based on U.S. Department of Labor, Bureau of Labor Statistics, *Handbook of Labor Statistics*, December 1983 and Monthly Employment Situation News Release, October 7, 1988.

Adjusted for inflation, the real earnings of U.S. workers have been declining for 15 years (see Table 4). From a high of $198 in 1972, real wages for production or nonsupervisory workers dropped to $169 by July 1988. Real wages for all such workers have declined by 2.4 percent in the last four years alone. Real wages in manufacturing are now 97.4 percent of their 1984 level, while real weekly wages in retail trade have declined to 95.2 percent of their level four years ago.

Impacts of Employment Trends on Income and Poverty

The impacts of trends on employment and wages are reflected in the most recent data on income distribution and incidence of poverty among the U.S. population. The number of persons below the official government definition of poverty determined by the Office of Management and Budget ($11,611 for a family of four in 1987) increased slightly in 1987 (32.5 million) over 1986 (32.4 million). What is striking about these numbers, however, is the stubborn persistence of such high levels of poverty in a period of prolonged economic growth. And the total number of Americans living in poverty remains well above the low point since 1960 (23.0 million in 1973).

Table 4

Real Weekly Earnings of Production or Nonsupervisory Workers (in 1977 dollars)

	Total Private	Manufacturing	Retail Trade
1972	$198.41	$224.22	N.A.
1977	189.00	228.90	$121.66
1982	168.09	207.71	103.05
1983	171.26	216.03	104.36
1984	172.78	220.67	102.85
1985	170.42	220.15	99.51
1986	171.07	222.23	98.81
1987	169.28	220.10	97.14
July 1988	168.57	214.92	97.92

Source: Based on U.S. Department of Labor, Bureau of Labor Statistics, *Supplement to Employment and Earnings*, August 1981, July 1984, July 1987 and *Employment and Earnings*, September 1988.

As always in a country of the size and diversity of the United States, aggregating socioeconomic data at the national level conceals as much as it reveals. Nowhere is this more sharply evident than in the poverty figures for Blacks. While the change in the overall poverty rate (i.e., the percentage of the total population below the poverty line) was statistically insignificant between 1986 (31.6 percent) and 1987 (31.5 percent), the poverty rate among Blacks jumped almost two percentage points, a very large increase in a single year. The poverty rate for Blacks in 1987 was 33.1 percent, meaning that one out of every three Black persons in the United States lived in poverty.

In a society in which paid employment is generally accepted to be the primary means to an income, one would expect a large proportion of the unemployed and jobless to have incomes which fall below the poverty level. Indeed, of the 2.0 million Americans in 1987 who did not work because they were unable to find work, 57.9 percent (1.1 million) had incomes below the poverty level, up by 3.5 percent over the 1986 figure of 54.4 percent (see Table 5). As we have noted above the incidence of poverty falls unevenly on different segments of the U.S. population. Thus, 73.6 percent of Blacks below the poverty line were unable to find work in 1987, a big jump from the 1986 figure of 68.5 percent. For whites the comparable figures are 48.5 percent in 1987 and 47.7 percent in 1986.

Yet, as we discussed above, persons without jobs represent only a fraction of the jobless. Of those who did work, 6.6 percent (8.4 million) had incomes below the poverty level. Among Blacks and Hispanics

the figures were 14.8 and 13.9 percent respectively. Even among full-time, year-round workers, 2.8 million (2.4 percent) were unable to rise above the poverty level.

Table 5

Work Experience of Persons below the Poverty Level
1980, 1986, and 1987
(Figures in 000's)

	1980			1986			1987		
	Total	White	Black	Total	White	Black	Total	White	Black
Persons below Poverty Level Who Worked	7,792.	5,714.	1,826.	8,864.	6,693.	1,860.	8,440.	6,210.	1,935.
Percent of Total Who Worked	6.7%	5.6%	16.3%	7.0%	6.1%	14.4%	6.6%	5.6%	14.8%
Persons below Poverty Level Who Worked 49 Weeks or Less	5,441.	3,940.	1,323.	5,924.	4,408.	1,319.	5,670.	4,068.	1,379.
Percent of Total Who Worked 49 Weeks or Less	12.7%	10.6%	28.9%	14.2%	12.4%	27.6%	13.9%	11.7%	30.0%
Persons Who Did Not Work Because They Were Unable to Find Work	833.	420.	401.	1,203.	640.	532.	1,115.	556.	522.
Percent of Total Who Did Not Work Because They Were Unable to Find Work	44.0%	36.6%	56.8%	54.4%	47.7%	68.5%	57.9%	48.5%	73.6%

Source: Based on U.S. Department of Commerce, Bureau of the Census, *Current Population Reports, Series P-60*, "Money Income and Poverty Status of Families and Persons in the United States: 1986 and 1987" (U.S. Government Printing Office, Washington, D.C., 1987 and 1988).

In these figures we see both the pauperization of wages (the fact that often even a full-time job is not enough to provide an income above the poverty level) and the high incidence of part-time, low-wage labor in the U.S. economy. Among those who worked less than full time during 1987, 13.9 percent (5.7 million persons) fell below the poverty level. The rate among Blacks and Hispanics soars to 30.0 and 26.3 percent respectively when we look at people who worked 49 weeks or less.

As we have come to expect the impact of joblessness and inadequate wages has led to a worsening in the incidence of poverty, not only in general among the population, but also among the employed. Table 5 also provides comparative data from 1980 (the last year of the Carter administration when the number of

Americans below the the poverty level had already begun to increase), 1986, and 1987, the most recent available. As the table indicates, the absolute number of persons who worked but had incomes below the poverty level increased from 7.8 million in 1980 to 8.4 million in 1987. The percentage of those who did not work because they were unable to find work increased from 44.0 percent in 1980 to 54.4 percent in 1986 and 57.9 percent in 1987.

The Two-Tier Society: Income Distribution in America

The U.S. Census Bureau recently released its annual survey of income distribution, from which it calculates the number of Americans below the poverty line. Table 6, giving income distribution by fifths of the population from 1947 to 1986, tells the story. That story is one of sharp and increasing inequality, continuing the basic trend line of the 1980s.

Table 6

Percent of Aggregate Income Received by Each Quintile and Highest 5 Percent of Families

Quintile	1947	1950	1955	1960	1965	1970	1975	1980
Lowest Fifth	5.0	4.5	4.8	4.8	5.2	5.4	5.4	5.1
Second Fifth	11.9	12.0	12.3	12.2	12.2	12.2	11.8	11.6
Third Fifth	17.0	17.4	17.8	17.8	17.8	17.6	17.6	17.5
Fourth Fifth	23.1	23.4	23.7	24.0	23.9	23.8	24.1	24.3
Highest Fifth	43.3	42.1	41.3	41.3	40.9	40.9	41.1	41.6
Top 5 Percent	17.5	17.3	16.8	15.9	15.5	15.6	15.5	15.3

Quintile	1981	1982	1983	1984	1985	1986	1987
Lowest Fifth	5.0	4.7	4.7	4.7	4.6	4.6	4.6
Second Fifth	11.3	11.2	11.1	11.0	10.9	10.8	10.8
Third Fifth	17.4	17.1	17.1	17.0	16.9	16.8	16.9
Fourth Fifth	24.4	24.3	24.4	24.4	24.2	24.0	24.1
Highest Fifth	41.9	42.7	42.7	42.9	43.5	43.7	43.7
Top 5 Percent	15.4	16.0	15.8	16.0	16.7	17.0	16.9

Source: Based on U.S. Department of Commerce, Bureau of the Census, *Current Population Reports, Series P-60*, as cited in *Statistical Abstract of the United States*, 1974, 1981, 1984; *Current Population Reports, Series P-60*, "Money Income and Poverty Status of Families and Persons in the United States: 1983-1987" (U.S. Government Printing Office, Washington, D.C., 1984-1988).

The good news is that the steady deterioration in the position of the lowest fifth of the population and the corresponding increase in percentage of income going to the top 20 percent of the population appears to have stabilized. The 1987 figures are not markedly different from 1986. The bad news, however, is that these figures remain historically very high. Thus, the position of the lowest fifth of the population is worse than it was in 1947. And the percentage going to the highest fifth is higher than it was in 1947 and historically as high as it has ever been in the postwar period. Of the top 5 percent of American families in terms of aggregate income, the 1987 figure is above what it was in 1955.

As noted above the number of persons below the official government poverty line increased slightly in 1987 over 1986 while the change in the poverty rate was statistically not significant. But we are now in the sixth year of a so-called economic recovery--touted by the present administration as the longest peacetime recovery in over 100 years. What is significant is the persistence of poverty in this situation. Under the "trickle-down" theory apparently embraced by the Reagan administration, the natural expectation would be a decrease in the number of persons below the poverty line, not a slight *increase*. And poverty rates are still much higher than they were in the 1970s.

APPENDIX I

Adjustments in the Bureau of Labor Statistics Unemployment Rate to Determine the Jobless Rate

In Table 7 an indication is given of the impact of differing definitions of employment/unemployment based entirely on Bureau of Labor Statistics data. The first adjustment we have made is to eliminate the armed forces, which have been included in the BLS definition of the U.S. labor force only since January 1983. Without excluding the armed forces (the inclusion of which has the net effect of decreasing the official Unemployment Rate by one to two tenths of a percent), comparisons with earlier time periods are distorted. As we have indicated, one of the striking changes in recent years has been the growth of part-time employment. This is particularly noteworthy in the case of part-time employment for "economic reasons," including those who want full-time work but are unable to find it.

The official Unemployment Rate is based on a definition of employment that counts anyone who worked as little as one hour a week during the reporting period in the same manner as those who are employed full time. We have therefore calculated the unemployment rate for the civilian labor force based on full-time equivalent employment in Table 7. As would be expected, this pushes up the unemployment rate so that in September 1988, it stood at 7.2 percent, instead of the official BLS figure for September of 5.4 percent.

When part-time employment was proportionately a smaller element of the total labor force, the BLS practice of treating full-time and part-time employees the same made relatively little difference in the official Unemployment Rate. But as this category of the labor force has grown, especially during the recent recession, the difference between the official rate and a modified rate based on equivalent full-time employment has increased.

The next adjustment we have made is to include so-called "discouraged workers." Once again, this is an adjustment which has assumed increasing significance in recent years, as more and more persons previously in the labor force have lost their jobs and given up looking for another because they believe none exist. By adding discouraged workers to the calculation of unemployment, we find the rate for September increases still further from the official Unemployment Rate of 5.4 percent and an unemployment rate based on equivalent full-time employment of 7.2 percent to 7.9 percent. As in the case of the adjustment for part-time employment, the discrepancy between this method of calculating the unemployment rate and the official rate has grown in recent years.

A common sense definition of joblessness should include all those who want jobs but do not have them, a substantially larger category than "discouraged workers" who have only recently moved out of the labor force (after four weeks of not actively seeking employment in a manner recorded by the BLS data collection methods). When this further adjustment is made, the Jobless Rate for September jumps from the official Unemployment Rate of 5.4 percent to 11.1 percent, over twice as high.

Table 7

Unemployment Rate for Civilian Labor Force Based on Full-Time Equivalent Employment (Figures in 000s)

	September[a] 1988
BLS Labor Force	123,546.
Resident Armed Forces	1,704.
BLS Civilian Labor Force	121,842.
BLS Civilian Employment	115,474.
Official Unemployment Rate	5.4%[b]
Adjusted Civilian Labor Force Based on Full-Time Equivalent Employment	113,665.
Combined Full-Time and Full-Time Equivalent Employment	105,537.
Full-Time Equivalent Unemployment Rate	7.2%
Discouraged Workers	952.
Adjusted Labor Force Including Discouraged Workers	114,617.
Full-Time Equivalent Unemployment Rate Including Discouraged Workers	7.9%
Civilians Not in the Labor Force Who Want Jobs	4,982.
Adjusted Labor Force Including Civilians Not in the Labor Force Who Want Jobs	118,647.
Jobless Rate	**11.1%**

[a]Not seasonally adjusted. [b]Seasonally adjusted.

Source: Based on U.S. Department of Labor, Bureau of Labor Statistics, Monthly Employment Situation News Release, October 7, 1988.

APPENDIX II

Explanation of Method Used to Determine Full-Time Equivalent Employment

To arrive at full-time equivalent employment to take account of part-time employment for both economic and other reasons, the average hours worked by "part-time for economic reasons" employed was divided by 35 to determine the portion of the week worked. This fraction was then multiplied by the number of "part-time for economic reasons" employed. A similar computation was made for persons working part time for other reasons. The original number of persons working part time for other reasons was then subtracted from the civilian labor force. The combined original number of part time for economic and other reasons was subtracted from the civilian employed and the new full-time equivalent added to both.

The method can be best illustrated by using concrete data (in this case for 1987).

▪ Proportion of week worked by those working part time for economic reasons	22.0	÷	35.	=	62.9%
▪ Adjusted full-time equivalent of those working part time for economic reasons	62.9%	x	5,401,000.	=	3,395,000.
▪ Proportion of week worked by those working part time for other reasons	22.4	÷	35.	=	64.0%
▪ Adjusted full-time equivalent of those working part time for other reasons	64.0%	x	22,604,000.	=	14,467,000.
▪ Total civilian labor force					119,865,000.
▪ Subtract part time for other reasons					-22,604,000.
▪ Add full-time equivalent for other reasons					+14,467,000.
▪ Adjusted civilian labor force					111,728,000.
▪ Total civilian employment					112,440,000.
▪ Subtract part time for economic and other reasons					-28,007,000.
▪ Add equivalent part time for economic and other reasons					+17,862,000.
▪ Adjusted civilian employment					98,900,000.

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